

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 PM-03 NSC-05 SP-02 SS-15 RSC-01 CIAE-00

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OMB-01 SAJ-01 ACDA-05 CU-02 /062 W

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R 061522Z NOV 74

FM AMEMBASSY BONN

TO SECSTATE WASHDC 6098

INFO AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY PARIS

USMISSION NATO BRUSSELS

USMISSION USBERLIN

AMEMBASSY BERLIN

C O N F I D E N T I A L SECTION 01 OF 02 BONN 17386

E.O. 11652: GDS

TAGS: PGOV, GW, GE

SUBJECT: FRG-GDR RELATIONS. FURTHER SCHMIDT-HONECKER
EXCHANGE OF LETTERS

REF: BONN 16163

1. SUMMARY. THERE HAS BEEN A FURTHER EXCHANGE OF LETTERS BETWEEN SCHMIDT AND HONECKER IN RECENT WEEKS. THEIR FOCUS WAS APPARENTLY ON THE PRICKLY POLITICAL ISSUE OF CURRENCY EXCHANGE REQUIREMENTS, WITH THE FRG STILL UNSATISFIED WITH THE GDR POSITION. THE POSSIBILITY OF A SCHMIDT-SINDERMANN MEETING WAS REPORTEDLY PROPOSED BY THE GDR BUT THIS TOO IS SAID TO HAVE FOUNDERED ON THE CURRENCY EXCHANGE ISSUE. THERE SEEMS TO BE DESIRE FOR IMPROVEMENT OF RELATIONS ON BOTH SIDES (FOR OBVIOUSLY DIFFERING REASONS), BUT THIS CONTINUES TO BE DIFFICULT TO TRANSLATE INTO CONCRETE TERMS AND THERE ARE CONTINUING POLITICAL CROSS-CURRENTS. AS IN THE PAST, THE FRG-GDR RELATIONSHIP IS BESET WITH MUTUAL SUSPICION AND

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RECRIMINATION, AND THE PACE OF DEVELOPMENT WILL BE

JERKY AND UNEVEN. END SUMMARY.

2. FRG OFFICIAL SPOKESMEN HAVE STATED THAT AS A FOLLOW-UP TO THE EXCHANGE OF LETTERS BETWEEN SCHMIDT AND HONECKER IN EARLY SEPTEMBER (REFTEL), THE TWO LEADERS HAVE HAD A FURTHER EXCHANGE IN RECENT WEEKS. AS WITH THE INITIAL EXCHANGE, THE SPOKESMEN HAVE NOT REVEALED THE CONTENTS OF THE RECENT LETTERS.

3. FROM RELIABLE SOURCES, WE UNDERSTAND THAT HONECKER'S LETTER, DELIVERED -
-ON OCTOBER 24, COMMUNICATED AND EXPLAINED THE GDR DECISION ON CURRENCY EXCHANGE REQUIREMENTS FOR VISITORS TO EAST BERLIN AND EAST GERMANY THAT WAS TO BE ANNOUNCED OCTOBER 26 (BERLIN 1969). THE LETTER ALSO REPORTEDLY SUGGESTED THAT FURTHER IMPROVEMENTS IN BILATERAL RELATIONS WERE CONSIDERED POSSIBLE AND APPARENTLY ALLUDED TO THE POSSIBILITY OF A SCHMIDT-SINDERMANN MEETING TO DISCUSS WAYS IN WHICH RELATIONS MIGHT BE IMPROVED. SCHMIDT'S REPLY, DELIVERED TO THE GDR FOREIGN MINISTRY ON NOVEMBER 5 BY FRG REPRESENTATIVE GAUS, REPORTEDLY TOOK A TOUGH LINE ON THE CURRENCY EXCHANGE ISSUE, URGING THAT THE EXCHANGE RATE REVERT TO THE PRE-NOVEMBER 1973 LEVEL AND THAT, IN PARTICULAR, OLD-AGE PENSIONERS BE EXCLUDED AS BEFORE FROM ANY EXCHANGE REQUIREMENTS.

4. THE HIGH-LEVEL MEETING IDEA HAD PREVIOUSLY BEEN DISPOSED OF WHEN STERN MAGAZINE LEAKED NEWS OF THE POSSIBLE GET-TOGETHER AT THE END OF OCTOBER; THE FEDERAL GOVERNMENT TOOK THE POSITION, IN ANSWERING QUESTIONS ON THE STERN REPORT, THAT NO SUCH MEETING WAS CONTEMPLATED. WE UNDERSTAND FROM A GOOD SOURCE THAT THE LEAK CAME FROM GDR MEDIA PEOPLE, APPARENTLY ON INSTRUCTION FROM EAST BERLIN. FRG OFFICIALS CONSIDER THAT THE EAST GERMAN INITIATIVE (AND THE SUBSEQUENT LEAK) REPRESENTED YET ANOTHER EFFORT TO PORTRAY THE GDR AS REASONABLE AND PREPARED FOR NORMAL RELATIONS WITH THE FRG.

5. FROM OUR TALKS WITH SENIOR OFFICIALS IN BONN, IT
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SEEMS THAT THE MAJOR BLOCK TO ANY SIGNIFICANT IMPROVEMENT IN RELATIONS FOR THE TIME BEING CONTINUES TO BE THE CURRENCY EXCHANGE ISSUE. SCHMIDT AND THE FEDERAL GOVERNMENT CANNOT APPEAR TO BE WILLING TO GIVE IN TO THE GDR ON THIS POINT, NOT LEAST BECAUSE OF THE UPCOMING BERLIN ELECTIONS. ALSO, THE OLD-AGE PENSIONER ASPECT IS ESPECIALLY TROUBLESOME POLITICALLY AND PRACTICALLY, SINCE IT IS ESTIMATED THAT ABOUT 30 PER CENT OF ALL FRG

AND WEST BERLIN VISITORS TO EAST BERLIN AND THE GDR COME FROM THIS OLDER GROUP. ONE OF OUR SOURCES WITH GOOD CONTACTS IN EAST BERLIN HAS TOLD US THAT THE GDR NOW REALIZES THE POLITICAL SIGNIFICANCE OF THE PENSIONER TRAVEL QUESTION AND MAY MAKE A POSITIVE MOVE TO RESOLVE IT IN COMING WEEKS.

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C O N F I D E N T I A L SECTION 02 OF 02 BONN 17386

6. BONN OFFICIALS HAVE TOLD US THAT, IN OTHER AREAS, BILATERAL RELATIONS ARE PROCEEDING FAIRLY SMOOTHLY. A SCIENTIFIC-TECHNOLOGICAL AGREEMENT AND A POSTAL AGREEMENT ARE WELL ON THE WAY TO COMPLETION AND COULD BE CONCLUDED IN THE NEXT FEW WEEKS, WITH WEST BERLIN'S INTERESTS SATISFACTORILY PROTECTED. IN THE NEGOTIATIONS OF CULTURAL AND LEGAL ASSISTANCE AGREEMENTS, THE OLD DIFFICULTIES PERSIST. THE RECENT DECISION ON THE BRUECKMANN CASE HAS APPARENTLY IRRITATED AND DISAPPOINT-

ED THE GDR AUTHORITIES AND LED TO A THREE MONTH BREAK IN THE LEGAL ASSISTANCE NEGOTIATIONS--WHICH WERE MOVING ALMOST NOT AT ALL IN ANY EVENT. THE ONE AREA WHERE THE GDR HAS BEEN CAUSING OCCASIONAL PROBLEMS CONCERNS THE TRANSIT TRAFFIC TIE-UPS THAT OCCUR EVERY FEW WEEKS. THESE DELAYS ARE QUITE INCOMPREHENSIBLE TO FRG OFFICIALS; THERE SEEMS TO BE NO RHYME OR REASON TO THEM.

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7. COMMENT. THE PICTURE THAT WE GET FROM OUR VARIOUS DISCUSSIONS WITH OFFICIALS AND OBSERVERS HERE IS A VERY MIXED ONE. THERE SEEMS TO BE DESIRE ON BOTH SIDES TO MOVE AHEAD IN IMPROVING RELATIONS, BUT BOTH SIDES ARE ALSO CAUGHT UP IN PERSISTENT AND BITTER DISPUTES IN PRACTICAL AREAS. THE FRG WANTS THE GDR TO LIVE UP TO THE SPIRIT OF THE EARLIER AGREEMENTS AIMED AT NORMALIZING RELATIONS. SCHMIDT HAS TO BE ABLE TO SHOW THE WEST GERMAN PUBLIC THAT OSTPOLITIK CAN BRING CONCRETE BENEFITS TO GERMANS IN BOTH STATES. THE GDR IS APPARENTLY NERVOUS ABOUT EXPANDED TRAVEL BY WEST GERMANS AND WEST BERLINERS IN EAST GERMANY. YET THE GDR NEEDS FRG CREDITS AND WANTS EXPANDED INDUSTRIAL COOPERATION, SO IT IS BEING FORCED TO MOVE TO MEET FRG REQUIREMENTS. IT DOES SO VERY SLOWLY, OBVIOUSLY RELUCTANTLY, FIGHTING TENACIOUSLY FOR ADVANTAGE EVERY STEP OF THE WAY, BUT THE GRADUAL MOVEMENT IS THERE. IN SUM, WE SEEM TO BE WITNESSING THE CONTINUING MOLASSES-LIKE MOVEMENT OF ACTION AND INTER-ACTION IN THE INNER-GERMAN AREA THAT HAS CHARACTERIZED THESE RELATIONS IN THE PAST.

HILLENBRAND

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